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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 000946

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SUBJECT: STAFFDEL FARKAS DISCUSSES AFGHANISTAN, IRAN,
BANGLADESH AND PAKISTAN WITH INDIA,S MINISTRY OF EXTERNAL
AFFAIRS

Classified By: POLITICAL COUNSELOR TED OSIUS FOR REASONS 1.4 (B AND D)

Summary

¶1. (C) On February 23, Senate/House Armed Services Committee staffdel Farkas met with Dilip Sinha, Ministry of External Affairs Joint Secretary for Pakistan, Afghanistan and Iran, then separately with Brigadier AS Nundal, MEA Director for Military Affairs, and Avinash Pandey, MEA Director for Counterterrorism. All three interlocutors described India,s reconstruction assistance to Afghanistan, highlighting constructing a power transmission line to Kabul, a major highway, a hydro-electric dam, and a new parliament building.

External support for the Taliban and terrorist groups is putting these projects and the entire country at risk however, all three agreed. Afghanistan cannot withstand the Taliban without foreign troops and India wants them in Afghanistan until the Taliban is &eliminated.8 Any attempt to compromise with them will backfire, according to Sinha. Nundal and Pandey described the &widespread support8 among the Afghans that NATO still enjoys, and faulted Pakistan for allowing the Taliban to regroup in its territory.

¶2. (C) India remained opposed to Iran possessing nuclear weapons and worried about its links to the AQ Khan network, according to Sinha. Iran must abide by its IAEA obligations, he said. While Sinha would not directly comment on Iran,s support of Iraqi insurgents, he noted that during Minister of External Affairs Pranab Mukherjee,s past visits to Iran, the Iranian government expressly said that they supported the present government in Iraq.

¶3. (C) The recent India-Pakistan dialogue was a confidence building measure and an important part of normalizing relations between the two countries, according to Sinha. On the other hand, there was not much ground for optimism on recent efforts to create an institutional mechanism for sharing counter-terrorism intelligence between India and Pakistan. Sinha questioned whether future US aid to Pakistan would be contingent on benchmarked efforts to fight

terrorism.

¶4. (C) Pandey and Nundal said that there were several reasons to be worried about Bangladesh, including extremism, growing terrorism, arms smuggling and border control problems. End summary.

India spends \$90 million a year on Afghan reconstruction

¶5. (C) On February 23, Senate/House Armed Services Committee staffed Farkas met with Dilip Sinha, Ministry of External Affairs Joint Secretary for Pakistan, Afghanistan and Iran. Later, the group met separately with Brigadier AS Nundal, MEA Director for Military Affairs, and Avinash Pandey, MEA Director for Counterterrorism. Sinha said India's reconstruction assistance to Afghanistan was at the forefront of discussions, including its overall commitment of \$750 million. He explained that \$260 million has already been allocated and that India has averaged \$90 million a year on Afghan reconstruction. Most of India's assistance has been directed toward several large projects:

-- Construction of an electrical transmission line from Pul-e-Khumri to Kabul, scheduled for completion by early 2009 for an estimated project cost of \$111 million;

-- Reconstruction of 218km long Zaranj to Delaram highway, scheduled for completion by late 2008 for an estimated cost of \$84 million;

-- Reconstruction of 42 megawatt Salma Dam Power Project in

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Heart province, scheduled for completion by early 2009 for an estimated cost of \$109 million; and

-- Construction of a new Afghan Parliament building, scheduled for completion by 2010 for an estimated cost of \$66 million.

PolCouns inquired whether India sought assistance to complete the Pul-e-Khumri transmission line. India would be willing to consider third country help in constructing two power substations along the transmission link, Sinha replied. Sinha stressed the gains that could be made by moving heavy equipment for the highway project overland through Pakistan, which would save over \$20 million in project costs.

¶6. (C) Pandey noted that NATO still enjoys widespread support⁸ among the Afghans; many ethnic groups, such as the Hazaras, are grateful for the opportunity to participate in the government. He faulted Pakistani actions regarding Afghanistan, however, saying that Pakistan focused on combating Al-Qaeda while allowing the Taliban to regroup in its territory. This distinction between the two groups cannot be made. There should be a clear message that no terrorism will be tolerated.⁸ He said that India has taken risks while conducting its activities in Afghanistan * about twenty Indian engineers have been attacked, and India expects more trouble⁸ in the coming year. Nundal highlighted Indian weariness about the Taliban's lucrative connections with the narcotics industry, especially via Pashtun-run laboratories along the Afghanistan-Pakistan border.

¶7. (C) Staff Member Aileen Alexander responded that the narcotics problem is increasingly alarming⁸ to Congress, since violence is concentrated in those areas where the narcotics problem is the worst. Staff Member Evelyn Farkas said that the U.S. had great appreciation for the problems of cross-border transit and crime, particularly as it directly affected American troops, presence in Afghanistan. She noted the possibility of conditionality⁸ in aid levels to Pakistan as far as DoS and DoD funds are concerned. She added that Afghanistan was a problem that was around before

Iraq and will remain a problem, but noted there is bipartisan and strong grassroots support in the U.S. for the American mission in Afghanistan. The U.S. and India are alike in their positions that Afghanistan needs ongoing assistance, she said.

¶18. (C) In addition, India has committed one million tons of wheat as food assistance, Sinha explained, a part of which is being directed into the national school feeding program run by the World Food Program in Afghanistan. Sinha also described India's contribution to Afghan capacity building, both in job skills and entrepreneurship training as well as student and professional exchange initiatives. Other grassroots assistance was community based small development projects, as announced by Prime Minister Manmohan Singh during his August 2005 visit to Afghanistan.

GOI worried about security situation in Afghanistan

¶19. (C) India's projects repeatedly have been threatened by Taliban and terrorist groups in Afghanistan, inflating project costs with increased security expenses. The primary source of insecurity, Sinha said, was outside help given to the Taliban and terrorist groups. Secondarily, official corruption and drug traffic contribute to the problem.

¶10. (C) Afghanistan cannot withstand the Taliban without external support. India wants foreign troops in Afghanistan until the Taliban is eliminated.8 India has strong views on this matter, according to Sinha, and is of the opinion

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that any attempt to compromise with either the Taliban or terrorist groups will backfire. This situation has been exacerbated by the rising popularity of fundamentalist parties in Afghanistan and the lack of quality leadership among the country's mainstream politicians.

¶11. (C) Fighting drug production in Afghanistan is a long-haul issue with no easy answers, Sinha said. Farmers need alternatives to growing lucrative opium crops, and developing those will take a great deal of patience.

Iranian nuclear program and role in Iraq

¶12. (C) Sinha stated that India was opposed to Iran possessing nuclear weapons and remained concerned about Iran's clandestine weapons production program, especially because of suspected links to the AQ Khan network. Iran must abide by its IAEA obligations, he said.

¶13. (C) There are different views in Iran, however. Hardliners are empowered by external threats and moderates by international dialogue, Sinha said, adding that India's policy is to support diplomacy and dialogue with Iran. He also linked his country's relations with Iran to India's Afghanistan policy, emphasizing that because Pakistan refuses ground transit access, Indian personnel and supplies must transit Iran on their way to Afghanistan, depriving Afghanistan of the extra shipping costs that could instead have gone directly as development aid and requiring India to maintain relations with Iran on this issue that it would not otherwise have.

¶14. (C) The staffdel questioned Sinha on Iran's support of Iraqi insurgents. While not commenting directly, Sinha noted that during Minister of External Affairs Pranab Mukherjee's past visits to Iran, the Iranian government told Mukherjee that they supported the present government in Iraq.

Relations with Pakistan

¶15. (C) The staffdel conveyed that many in Congress were

heartened by the recent India-Pakistan dialogue and asked about its possible impact on resolving the long-standing Jammu and Kashmir dispute. The dialogue was a confidence building measure and an important part of normalizing relations between the two countries, Sinha stated. Territorial disputes are a zero-sum game, however, so resolution of this matter also required strategies that lessen the importance of physical borders by allowing the free movement of people and normalizing the daily lives of area residents. In addition to the dialogue, both India and Pakistan have liberalized visa issuance, with India up to approximately ten-thousand a month to Pakistani citizens, according to Sinha. Other areas of cooperation that were being explored include regional trade agreements and cooperation on agriculture, health, and the environment.

¶16. (C) On the other hand, Sinha said there was not much ground for optimism on recent efforts to create an institutional mechanism for sharing counter-terrorism intelligence between India and Pakistan. Nevertheless, a small team from each country will hold an exploratory meeting in March. India seeks to "test" Pakistan's sincerity via this mechanism, he said, concluding that further openings to Pakistan depend on "how well Pakistan controls terrorism."

¶17. (C) Sinha questioned the staffdel on whether future US aid to Pakistan would be contingent on its benchmarked efforts to fight terrorism. Congress was discussing President Musharaff's determination to stop cross-border terrorism into Afghanistan, the staffdel replied.

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&Conditionality,8 moreover, was now on the table, which reflects a rising concern and growing awareness in Congress about Pakistan,s links to terrorism in Afghanistan.

Bangladesh: A Growing Terrorist Threat and Indian Solutions

¶18. (C) In a discussion with Nundal and Pandey regarding Bangladesh, Farkas inquired as to whether the U.S. should be concerned about a radicalized government or population. Pandey said that there were several reasons to be worried about Bangladesh. The last government of Khaleda Zia had brought extremist parties into politics, thus granting them &respect and access to the centers of power.8 Pandey alluded to seizures of illicit arms that had been linked to government officials. There is also a growing terrorist element with developing linkages with Al-Qaeda and Pakistani organizations as well as a hostile view toward India. The message sent by terrorists through the widespread 2005 bombings was, &We are organized, sophisticated, and can cause trouble in Bangladesh too,8 according to Pandey. Bangladesh may be on its way to becoming a &mirror image of Pakistan,8 he said, which is of great concern to India because some terrorist groups active in northeastern India find sanctuary in Bangladesh.

¶19. (C) Pandey added, however, that India is developing an &integrated approach to border management8 vis--vis Bangladesh. Nundal further elaborated that India is building a fence along the border with a series of &integrated check posts,8 which is expected to be complete within one year. Nundal concluded by saying India is also looking to bolster economic integration with Bangladesh, particularly in the form of rail and road connections, while still preserving its security.

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